

VALUING THE ARTS IN A CREATIVE CITY USING

WILLINGNESS TO CONTRIBUTE: CASE STUDY CITY OF MELBOURNE

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ARTS AS A CONTESTED FUNDING SPACE

Cultural value is multi-dimensional, unstable and contested and there is not a common unit of account that can be assessed either quantitatively or qualitatively (Throsby, 2003)

Policy makers make choices for resource allocation based on cultural valuation.

How can we capture, measure, quantify and qualify the value of the arts and culture in their cultural, social and economic dimensions to develop a more robust and comprehensive body of evidence in support of policy making? (Arts Council England, 2014)

RESEARCH QUESTION

What is the economic value of City of Melbourne investment in the arts, including determining the total economic value of activity generated by City of Melbourne arts programs, facilities, grants and other activations?



CITY OF MELBOURNE'S ARTS PROGRAMS

City of Melbourne Investment of \$10, 237, 378 in 2016-17

Art Play - ArtPlay is a children and families program delivering more than 300 free or affordable workshops and events each year, including weekend and holiday programs.

Arts House - Development and presentation of innovative, multidisciplinary works; stimulating peer and sector development programs; and the curation of adventurous, high-calibre festival seasons including Dance Massive and the Festival of Live Art.

Creative Spaces - Creative Spaces partners with government, philanthropic, and private organisations and educational institutions to provide a range of services around space for arts and cultural production..

Meat Market The heritage building is owned by the State Government of Victoria and managed by Arts Melbourne supporting the small to medium arts sector via short term hire spaces for rehearsal and presentation, and longer term licensed spaces for creative organisations

CITY OF MELBOURNE'S ARTS PROGRAMS

Arts Grants The Arts Investment Team delivers a range of funding opportunities for artists, arts organisations and community agencies across all art forms to deliver programs and projects within the City of Melbourne for all to participate in and experience.

Signal is a creative arts studio for young people 13 to 25. At Signal, you work alongside professional artists in a collaborative way.

Art & Heritage Collection Since the 1850s Melbourne City Council has accumulated an eclectic and important range of cultural material.

Musical Instruments The Musical Instruments program aims to preserve and develop the heritage of cultural infrastructure through an on-going suite of activities including concerts, commissions, one-off activities and through maintenance and capital works

Public Art: Public Art Melbourne offers a platform for artists to realise their ideas for city sites, to interpret its places, invent new experiences and make the city crackle with possibilities for visitors, workers and residents.

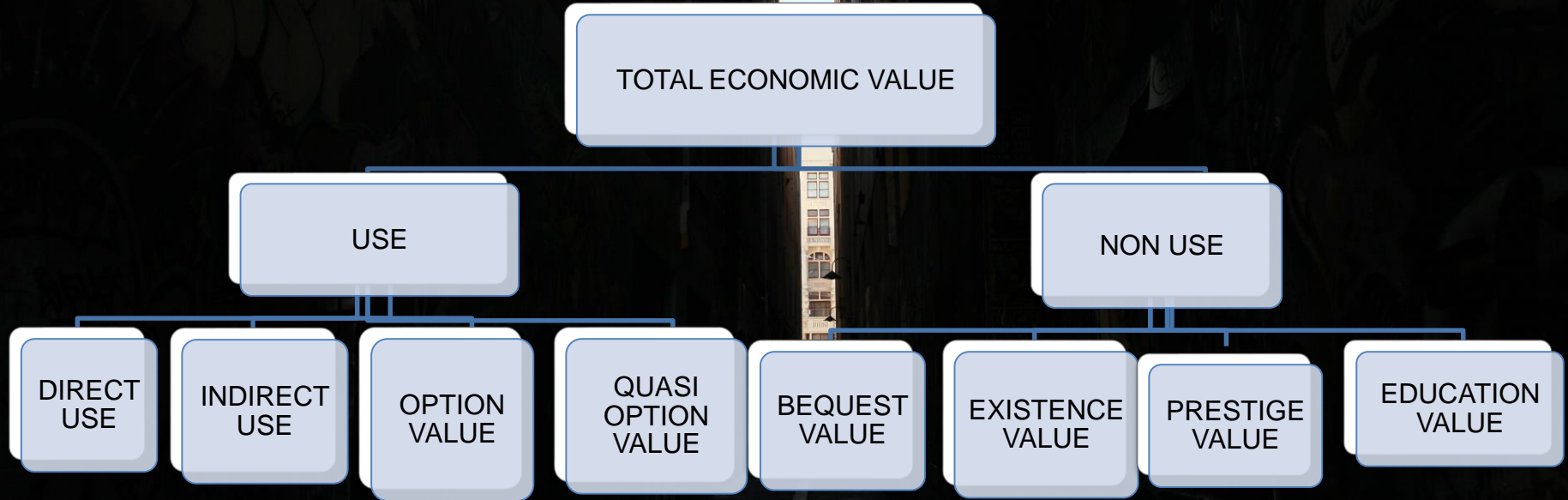
ECONOMIC VALUE

Value	Definition
Direct	The impact of arts and activities related to arts that can be consumed directly
Indirect	The use benefits to arts program audiences and patrons and the local economy .
Option	People who do not currently consume cultural offerings may want the option of being able to do so in the future .
Quasi-option	This is the impact associated with delaying a decision about an irreversible choice when there is uncertainty about the payoffs of the alternative choices.

TOTAL ECONOMIC VALUE

Impact	Definition
Bequest	People derive satisfaction from knowing that unique cultural resources will be preserved for future generations to enjoy
Existence	The impact unrelated to any actual or potential use, the ' intrinsic impact ' solely derived from knowing that artistic and cultural works continue to exist.
Prestige	People may neither use nor like a particular cultural resource, but they derive benefit from knowing that this resource is cherished by others outside their community.
Educational	Intellectual and cultural capital spillovers are created by cultural assets and spending.

DEFINING TOTAL ECONOMIC VALUE



NON USE VALUE AND CONTINGENT VALUATION METHODOLOGY

Contingent valuation is stated preference modelling, often used when goods and services have no market value or are free

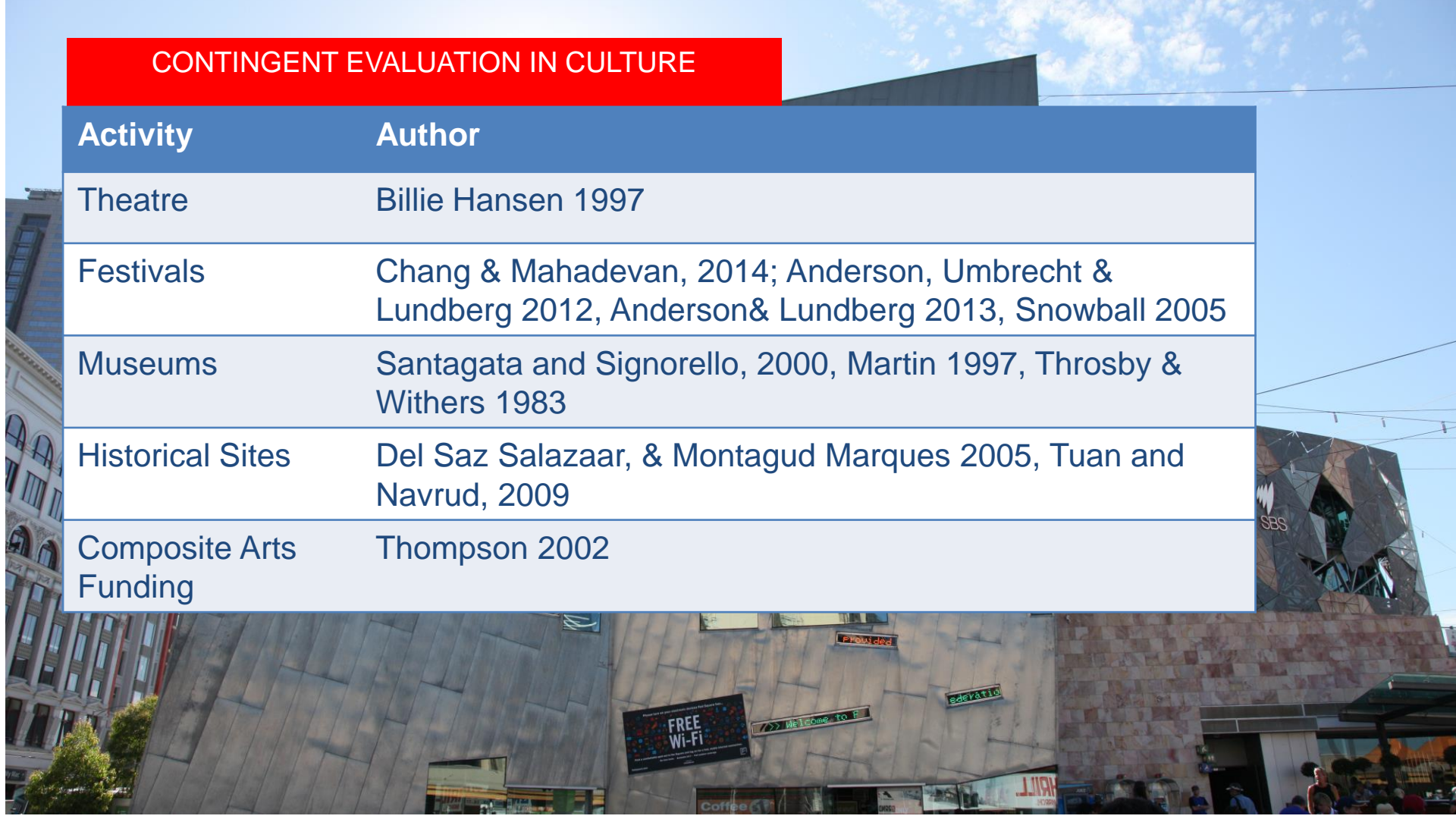
The uniqueness of CMV is that it attempts to provide a measure of demand in terms of how individuals are willing to pay for this benefit to be enjoyed by others even if those individual's do not consume the good themselves.

Frey (1997) option, bequest, and existence values are able to assess values towards culture.

CMV has been criticised as it presents a hypothetical scenario rather than assessing actual behaviour (Armbrecht, 2014; Bedate, Herrero, & Sanz, 2004):

CONTINGENT EVALUATION IN CULTURE

Activity	Author
Theatre	Billie Hansen 1997
Festivals	Chang & Mahadevan, 2014; Anderson, Umbrecht & Lundberg 2012, Anderson & Lundberg 2013, Snowball 2005
Museums	Santagata and Signorello, 2000, Martin 1997, Throsby & Withers 1983
Historical Sites	Del Saz Salazaar, & Montagud Marques 2005, Tuan and Navrud, 2009
Composite Arts Funding	Thompson 2002



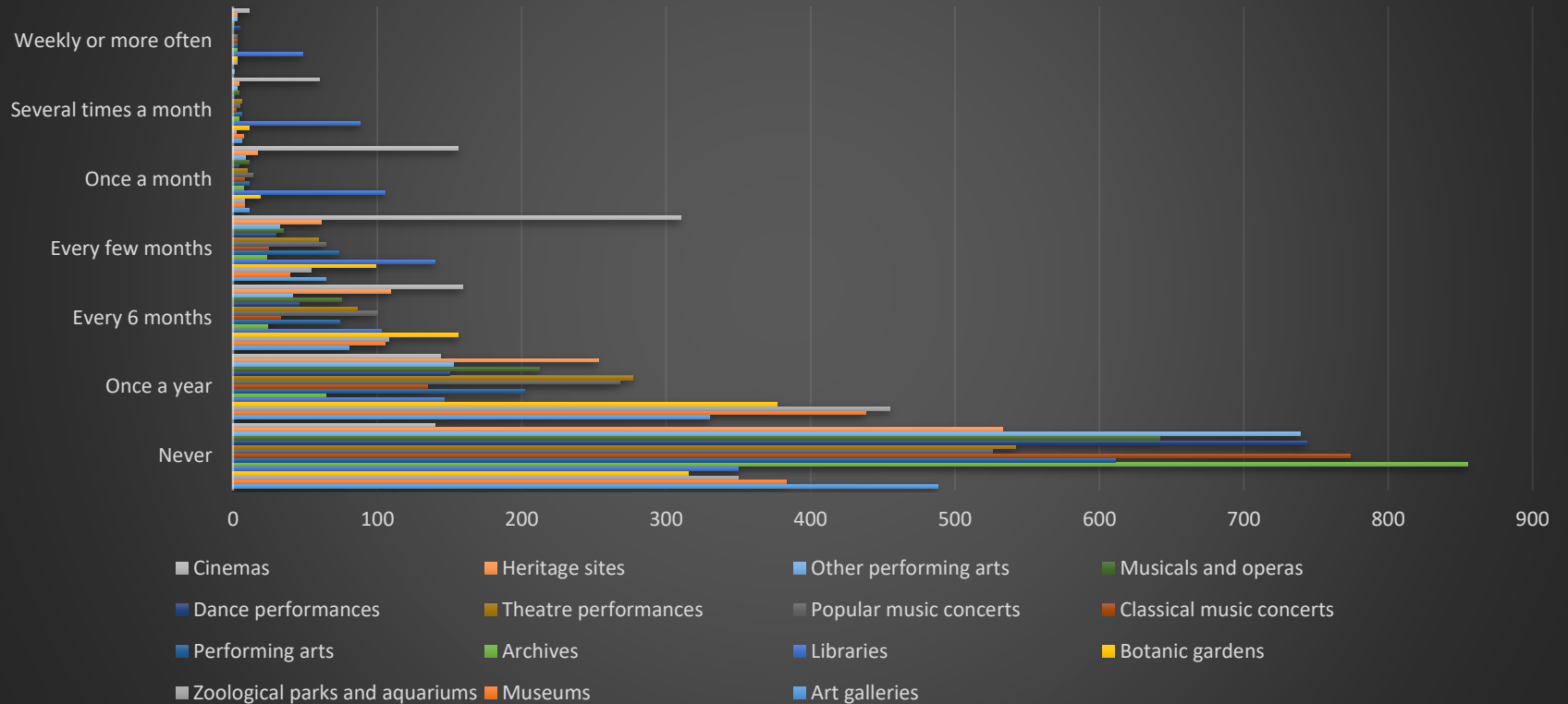
DATA SOURCES

General Public (N=1402 respondents)

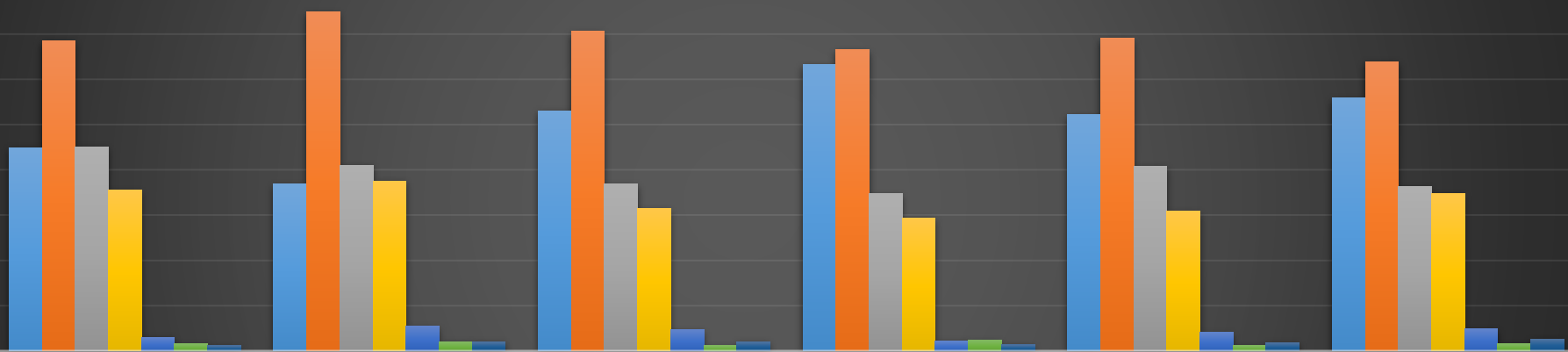
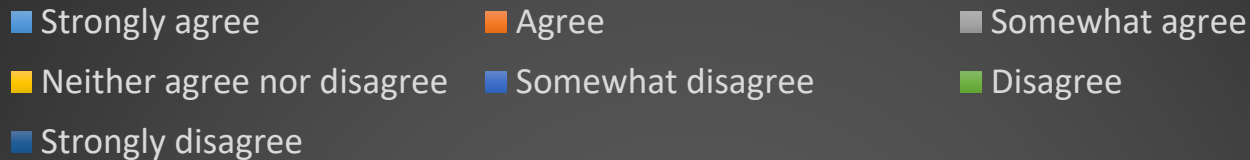
Target Population: Those who had not engaged with CoM's art program in last 12 months. Comprised 75 questions spanning six sections



How often have you attended the following cultural venues over the past 12 months



Please indicate how much you agree with the following statements on the value of arts events and cultural activities that are provided and funded principally by the City of Melbourne



EDUCATION: Arts events and performances contribute to the cultural knowledge and education of society.

DIRECT: The contribution of Melbourne's artists helps foster a culture of creative thinking and innovation that benefits Melbourne more generally.

PRESTIGE: The arts are important to Melbourne's national and international profile.

BEQUEST: Melbourne's iconic venues, arts festivals and arts culture should be preserved for future generations to enjoy.

INDIRECT: Arts events contribute to the local economy by attracting visitors who also spend their money on local businesses.

EXISTENCE: The City of Melbourne has a vital responsibility to support the arts and culture to benefit Melbourne more broadly.

Willingness to Pay

Scenario

Hundreds of arts performances occur throughout the City of Melbourne each year employing both professionals and volunteers. Individual artists also produce art for sale, performances, and exhibits throughout Melbourne. These draw many visitors to the city annually and help boost the local economy. Many of these performances are supported by or held in spaces funded by the City of Melbourne Arts Program. Imagine that due to the City of Melbourne's other commitments there is not enough funding available to undertake an Arts Program at its current levels and that funding will be cut by 25%. The only way for the City of Melbourne to retain its support for the arts at previous levels is through annual contributions by City of Melbourne ratepayers and one off contributions.

Table 4: Multinomial Logit for Willingness to Pay

VARIABLES	(1) WTP = 2, \$10-\$50	(2) WTP = 3, \$50-\$75	(3) WTP = 4, \$75-150	(4) WTP = 5, \$150-500	(5) WTP = 6, \$500 or more
Age = 2, 25-34 years	-0.450 (0.349)	-1.410** (0.592)	-1.234* (0.643)	-0.936 (1.018)	-1.258 (0.983)
Age = 3, 35-44 years	-0.685* (0.376)	-1.664*** (0.603)	-0.354 (0.568)	-0.510 (0.925)	-1.294 (1.098)
Age = 4, 45-54 years	-0.822** (0.372)	-1.304** (0.585)	-0.576 (0.625)	-0.163 (0.909)	-1.754 (1.139)
Age = 5, 55-64 years	-0.668* (0.376)	-0.945 (0.575)	-1.300 (0.795)	0.0746 (1.032)	-0.991 (0.959)
Age = 6, 65 and over	-0.824** (0.390)	-0.850 (0.606)	-0.775 (0.742)	-15.84*** (0.976)	-15.03*** (0.939)
Age = 7, Prefer not to answer	-16.66*** (1.158)	-18.61*** (1.334)	-18.19*** (1.525)	11.72*** (2.178)	-17.40*** (2.336)
Household Income = 2, \$15,000 - \$30,000	0.814 (0.701)	1.717 (1.217)	1.017 (1.197)	16.79*** (0.890)	17.36*** (2.198)
Household Income = 3, \$31,000 - \$60,000	0.927 (0.662)	1.181 (1.196)	0.628 (1.166)	16.38*** (0.970)	16.11*** (1.591)
Household Income = 4, \$61,000 - \$100,000	0.954 (0.652)	1.540 (1.182)	1.150 (1.128)	15.36*** (1.123)	16.98*** (1.386)
Household Income = 5, \$101,000 - \$150,000	1.251* (0.674)	2.037* (1.173)	1.812 (1.111)	17.73*** (0.990)	2.043 (1.324)
Household Income = 6, \$151,000 - \$200,000	1.198* (0.711)	1.954 (1.277)	0.497 (1.282)	17.70*** (0.958)	18.31*** (1.469)
Household Income = 7, \$201,000 - \$250,000	0.700 (0.928)	3.133** (1.317)	1.700 (1.369)	-0.200 (0.947)	1.821 (1.697)
Household Income = 8, Over \$250,000	1.170 (0.891)	1.945 (1.521)	2.860** (1.304)	-2.142* (1.229)	-0.250 (1.770)
Education = 2, High school graduate	1.480** (0.648)	15.88*** (0.547)	0.245 (0.970)	-15.17*** (0.951)	13.02*** (1.217)
Education = 3, Certificate or Diploma	1.236* (0.646)	16.14*** (0.456)	0.111 (0.945)	-0.211 (0.976)	13.86*** (0.886)
Education = 4, Bachelor Degree	1.465** (0.652)	15.75*** (0.483)	0.312 (0.928)	-0.553 (1.199)	13.78*** (0.998)
Education = 5, Postgraduate	1.245* (0.685)	16.55*** (0.502)	0.798 (0.991)	0.257 (1.112)	12.99*** (0.966)
Gender = 1, Male	-0.209 (0.203)	-0.484 (0.365)	-0.940** (0.393)	-1.463** (0.590)	-2.830*** (1.032)
LOTE = 2, Yes	0.481** (0.220)	-0.108 (0.429)	-0.346 (0.436)	-0.204 (0.704)	0.613 (0.709)

Multinomial Logit: Willingness to Pay

VARIABLES	(1) WTP = 2, \$10-\$50	(2) WTP = 3, \$50-\$75	(3) WTP = 4, \$75-150	(4) WTP = 5, \$150-500	(5) WTP = 6, \$500 or more
Educational Value	-0.127 (0.157)	-0.368 (0.341)	-0.733*** (0.277)	0.735 (0.744)	0.333 (0.474)
Direct Value	-0.0933 (0.177)	-0.632 (0.409)	-0.0117 (0.281)	-1.241** (0.500)	-1.076*** (0.396)
Prestige Value	-0.0564 (0.225)	0.149 (0.334)	-0.169 (0.332)	-0.935 (0.648)	-0.621 (0.435)
Bequest Value	0.0713 (0.182)	0.426 (0.331)	-0.0280 (0.312)	0.560 (0.556)	1.309* (0.724)
Indirect Value	-0.239 (0.179)	-0.185 (0.243)	-0.395 (0.304)	-0.271 (0.576)	0.620 (0.452)
Existence Value	-0.413** (0.170)	-0.217 (0.289)	0.592** (0.269)	0.0309 (0.455)	0.573 (0.470)
Volunteer = 1, Yes	0.735*** (0.218)	1.650*** (0.355)	2.081*** (0.390)	2.065*** (0.655)	4.721*** (1.544)

CHARACTERISTICS OF WILLINGNESS TO PAY

- We use Multinomial Logit to predict levels of willingness to pay to cover the shortfall in arts funding
- Volunteering is positive and statistically significant across all categories against the base case of less than \$10
- Household income is statistically significant for \$150 - \$500 and \$500 or more
- Educational attainment is also associated with significant differences for \$50-\$75 and \$500 and above
- Males are less likely to be willing to pay

Binary Logit Willingness to Volunteer

VARIABLES	Value Domains	WTP	Value Domains WTP	Value Domains + +Demographics	All
Education = 2, High school graduate				-0.0105 (0.375)	-0.168 (0.394)
Education = 3, Certificate or Diploma				0.571 (0.361)	0.382 (0.383)
Education = 4, Bachelor Degree				0.825** (0.361)	0.586 (0.384)
Education = 5, Postgraduate				0.996** (0.396)	0.616 (0.431)
Education = 6, Prefer not to answer				1.023* (0.594)	0.689 (0.635)
Age = 2, 25-34 years				-0.474* (0.286)	-0.250 (0.297)
Age = 3, 35-44 years				-0.683** (0.296)	-0.464 (0.302)
Age = 4, 45-54 years				-0.891*** (0.296)	-0.736** (0.308)
Age = 5, 55-64 years				-1.269*** (0.315)	-1.096*** (0.343)
Age = 6, 65 and over				-1.684*** (0.325)	-1.412*** (0.337)
Gender = 1, Male				0.0645 (0.160)	0.303* (0.172)
LOTR = 2, Yes				0.666*** (0.180)	0.679*** (0.188)
WTP = 2, \$10-\$50		1.096*** (0.189)	0.889*** (0.201)		0.715*** (0.213)
WTP = 3, \$50-\$75		1.782*** (0.321)	1.579*** (0.326)		1.555*** (0.361)
WTP = 4, \$75-150		2.140*** (0.329)	2.094*** (0.361)		1.993*** (0.363)
WTP = 5, \$150-500		2.225*** (0.609)	1.956*** (0.625)		1.814*** (0.593)
WTP = 6, \$500 or more		4.054*** (1.040)	4.477*** (1.166)		4.047*** (1.083)

Table 5: Binary Logit for Volunteerism

VARIABLES	(1) Value Domains	(2) WTP	(3) Value Domains WTP	(4) Value Domains + +Demographics	(5) All
Educational Value	0.0657 (0.138)		0.160 (0.143)	0.105 (0.140)	0.188 (0.149)
Direct Value	-0.376** (0.147)		-0.315** (0.151)	-0.289* (0.153)	-0.212 (0.157)
Prestige Value	-0.182 (0.163)		-0.155 (0.160)	-0.265* (0.159)	-0.241 (0.163)
Bequest Value	-0.0461 (0.135)		-0.133 (0.128)	-0.145 (0.136)	-0.207 (0.139)
Indirect Value	0.310** (0.130)		0.399*** (0.131)	0.255* (0.140)	0.329** (0.145)
Existence Value	-0.202 (0.125)		-0.290** (0.127)	-0.195 (0.120)	-0.272** (0.125)

CHARACTERISTICS OF WILLINGNESS TO VOLUNTEER

- We use Binomial Logit to predict willingness to volunteer
- Indirect value and existence value are significant predictors of willingness to volunteer – those who value the contribution the arts make to the city on a broader more general level
- Those willing to pay more are also more likely to volunteer more willingness to volunteer is positive and statistically significant across all categories against the base case of less than \$10
- Age is also significant – those over 45 years are less likely to be willing to volunteer.
- Those that speak another language than English at home are more likely to volunteer

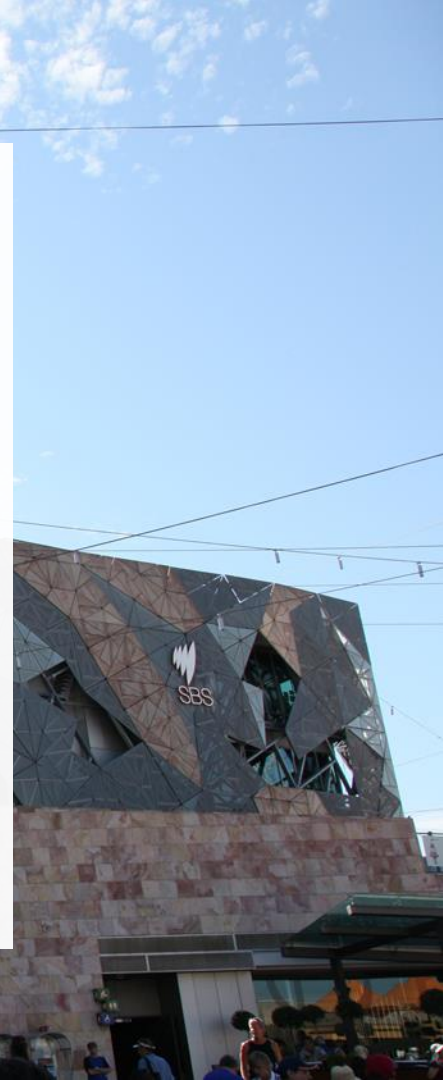
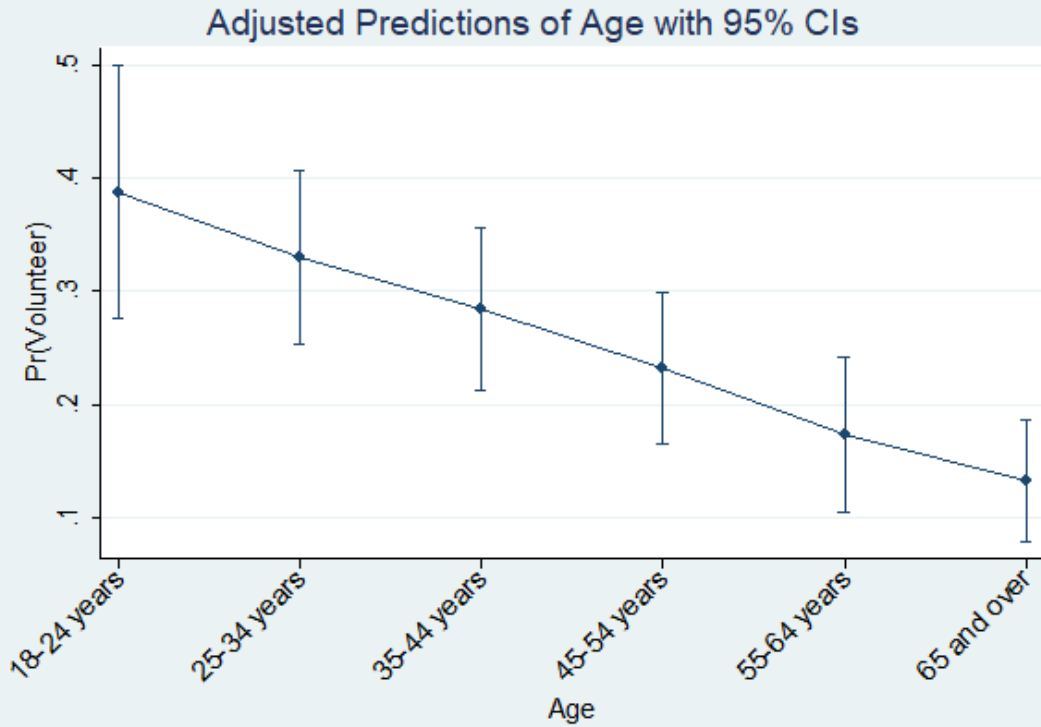


Figure 1: Marginal probability of Volunteering at mean level across Age categories



While there is a high level of overlap, it is clear compared to younger age category of 18 to 24 years, the oldest group of 65 and over is much less likely to be willing to volunteer.

CONCLUSION

There are tangible economic benefits to both the local and broader community, but also intangible benefits that enhance the social and cultural lives of Melbournians.

With the arts, consumption does not necessarily define value. This research indicates that despite not participating in the programmed events of the City of Melbourne there is still a strong valuation for the Arts from both the general public

Existence and direct valuations point to individuals who are more likely to volunteer.

There is a strong relationship between being WTP and willing to volunteer. Individuals with higher levels of income and education are more WTP.

The older you are the less likely you are to volunteer to the arts.

ACEI in Melbourne 26-29 June 2018

Call for papers is now open we invite abstract submissions in English, on any aspect of cultural economics.

Abstracts should not exceed 500 words –

Submitted by January 31, 2018

send proposals to Dr Bronwyn Coate

at brownyn.coate@rmit.edu.au for referral to the

Scientific Program Committee

